



**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)  
(916) 445-4982

GEORGE R. REILLY  
First District, San Francisco  
IRIS SANKEY  
Second District, San Diego  
WILLIAM M. BENNETT  
Third District, San Rafael  
RICHARD NEVINS  
Fourth District, Pasadena  
KENNETH CORY  
Controller, Sacramento  
DOUGLAS D. BELL  
Executive Secretary  
No. 78/51

March 24, 1978

TO COUNTY ASSESSORS:

SUMMARY OF PROPOSED LEGISLATION NUMBER 10

In compliance with your Legislative Committee's proposal that you be informed of the various property tax bills and amendments being proposed in the State Legislature, we submit to you those measures introduced or amended recently that have reached our office.

We are including only those bills or constitutional amendments that we feel are of importance to you as an assessor. Bills concerning the functions of the tax collector, auditor, and other county or special district officials will usually be excluded.

Copies of bills and amendments introduced may be obtained by placing orders with the Legislative Bill Room (State Capitol, Room 1149, Sacramento, 95814).

ASSEMBLY BILLS

No. 1840 - Amended March 13, 1978

An act to amend ~~Sections 47384~~, Section 17052.6, as added by Chapter 1079 of the Statutes of 1977, to amend Sections 17384, 18212, 18433, 20542 23602, 24427, and 24497 of, to amend and renumber Section 17052.6, as added by Chapter 1100 of the Statutes of 1977, and to add ~~Section 47737.5~~ to Sections 17737.5, 20505, and 24443 to, and to repeal Sections 20505 and 20505.2 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

Under the existing State Personal Income Tax Law and Bank and Corporation Tax Law, stock owned by persons having a specified relationship to the taxpayer is treated as being owned by the taxpayer, for purposes of determining gain from those transfers of stock which are taxable.

This bill would eliminate those provisions which treat such stock as being owned by the taxpayer, for such purposes, except for certain stock held in trust or certain stock owned by a partner or beneficiary of an estate.

Under existing provisions of Personal Income Tax Law, the taxation of gains from disposal of realty is computed on specified base periods.

This bill would revise those specified dates.

Under existing provisions of State Personal Income Tax Law, a deduction for amounts distributed currently is allowed in determining taxes for certain trusts.

This bill would specify that any amount, within specified limitations, distributed by certain cemetery perpetual care funds for the care and maintenance of certain gravesites for which there is an obligation to furnish care and maintenance shall be considered a distribution solely for purposes of

ASSEMBLY BILLS (Contd.)No. 1840 - (Contd.)

such authority to deduct such amounts in determining taxable income.

Under existing provisions of Personal Income Tax Law, a reasonable extension of time for filing any return or document or for payment of any tax required by such law may be granted by the Franchise Tax Board whenever in its judgment good cause exists.

This bill would require that the Franchise Tax Board determine that good cause exists in granting a reasonable extension for payment of tax and would authorize such board to grant a reasonable extension of time for filing returns and documents without determining that good cause exists.

The Personal Income Tax Law limits the deduction of expenses for foreign conventions.

This bill would limit such deductions under the Bank and Corporation Tax Law.

Under existing law, qualified persons 62 years of age or older who own or rent their homes may claim state funds to reimburse them for a portion of the property taxes paid on their homes.

This bill would provide that unmarried surviving spouses, regardless of age, may claim such state funds if Proposition 8 on the ballot for June 6, 1978 is approved and Proposition 13 on that ballot is rejected.

Existing provisions of the Bank and Corporation Tax Law authorize certain accrual basis taxpayers to deduct accrued expenses or interest when paid, rather than when accrued.

This bill would eliminate such authorization.

This bill would take effect immediately as a tax levy, but its operative effect would depend upon its effective date.

No. 2411 - Amended March 15, 1978

An act to amend Sections 29373.1 and 29375.1 of the Government Code, to amend Sections 531.6, 1651, 2610.5, 2611.4, 2821, and 3101 of, and to add Sections 3104.5 and 4986.8 to, the Revenue and Taxation Code, relating to fiscal procedures.

Existing law provides for the establishment of an overage fund in county treasuries, authorizes county officers to deposit in such fund amounts paid to such officers which exceed, by \$1 or less, the amount due the county for any account, and authorize county officers to use such fund to increase the amount tendered to any county officer so as to equal the amount due the county, for any account when a difference in an amount of \$1 or less exists.

This bill would increase the maximum amounts which county officers may either use or deposit in such fund from \$1 to \$5.

Under existing law, any county department, officer or employee may refrain from collecting any tax assessment, fee, penalty or cost owing to the county where the amount to be collected is \$1 or less.

This bill would authorize such governmental entities to refrain from such collection where the amount to be collected is \$5 or less.

If a homeowners' property tax exemption has been incorrectly allowed, existing law authorizes an escape assessment in the amount of such exemption

ASSEMBLY BILLS (Contd.)No. 2411 - (Contd.)

and generally provides for interest, and, in certain circumstances, penalties, on such assessment.

This bill would require local agencies to forgive such interest and penalties if the property subject to such escape assessment has been transferred or conveyed to a bona fide purchaser for value during a specified period.

Existing law requires the county auditor, upon completion of certain duties, to transmit the unsecured property tax roll to the assessor, or to the tax collector, if the duty of making unsecured property tax collections has been transferred to such tax collector.

This bill would eliminate the alternative transfer of such roll to the assessor and would require the county auditor to transmit such roll to the tax collector.

Existing law mandates that the tax collector of every county shall mail a county tax bill or copy thereof to each assessee or fee owner of property on the secured roll each year.

This bill would instead require that a tax bill or copy thereof be sent for each parcel of property on the secured roll.

Under existing law, any person filing an affidavit of interest may apply to the tax collector to have any parcel separately valued on the current property tax roll for purposes of paying taxes and the tax collector must notify the local planning commission of the jurisdiction in which the property is situated of all applications for separate valuation.

This bill would eliminate the requirement that the tax collector make such notification to the planning commission of such applications for separate valuation.

Existing law establishes procedures for entry of summary judgment for certain delinquent taxes on property on the unsecured property tax roll and provides for interest and certain penalties on such taxes subject to such summary judgment procedure.

This bill would also authorize the imposition of a penalty on such delinquent taxes of any amount equal to any bond premium posted or other costs to enforce such summary judgment.

Existing law provides for the discharge of accountability of any county department, officer charged with the collection of taxes, interest penalties, fees or money owing the county for any reason if the amount is so small as not to justify the cost of collection.

This bill would authorize the auditor to cancel certain small tax assessments if the amount is so small as not to justify the cost of collection.

No. 2649 - Introduced March 1, 1978

An act to amend Section 66424 of the Government Code, relating to subdivision of land.

The Subdivision Map Act defines "subdivision" as the division of any unit or units of land shown on the latest county assessment role as a unit or contiguous units, where the division is for the purpose of sale,

ASSEMBLY BILLS (Contd.)No. 2649 - (Contd.)

nonagricultural lease, or financing. Present law specifically declares that property shall be considered as contiguous units even if it is separated by roads, streets, utility easements, or railroad rights-of-way.

This bill would revise such definition to specify that property shall not be considered as contiguous units if it is separated by public roads, streets, highways, or canals or by railroad rights-of-way or by any right-of-way which is owned in fee by someone other than the owner of the property separated by such right-of-way, but shall be deemed contiguous if separated by utility easements.

No. 2681 - Introduced March 2, 1978

An act to amend Section 251 of, and to add Section 235 to, the Revenue and Taxation Code, relating to taxation.

Existing law does not exempt air or water pollution control facilities from property taxation.

This bill would exempt such facilities, as defined, from taxation, and would specify that the State Board of Equalization shall prescribe all procedures and forms to carry such exemption into effect.

Existing law provides that local agencies may make claims to the Controller for property tax revenues lost by reason of exemptions enacted by the Legislature.

This bill would make no provision for such payments.

This bill would take effect only if Assembly Constitutional Amendment No. 36 of the 1977-78 Regular Session of the Legislature is approved by the voters and would be repealed on January 1, 1984.

No. 2701 - Introduced March 6, 1978

An act to amend Sections 405.5 and 405.6 of the Revenue and Taxation Code, relating to property taxation, and making an appropriation therefor.

Under existing law the assessor is required to periodically appraise all property and to file with the State Board of Equalization on or before March 1, 1978, a plan for the orderly and sequential appraisal or reappraisal of all property within such assessor's county, to be completed within a cycle of no more than 5 years.

This bill would require the assessor to annually appraise all property and, on or before March 1, 1979, to file with the State Board of Equalization a plan for such annual appraisal or reappraisal.

The bill would appropriate an unspecified amount to the State Controller for allocation and disbursement to local agencies for the costs incurred by them pursuant to the act.

No. 2705 - Introduced March 6, 1978

An act to add Sections 11 and 12 to the Education Code, to add Sections 16101.5, 29100.8, 43004.5, and 50286 to the Government Code, to amend Section 33328 of, and to add Section 33670.5 to, the Health and Safety Code, to amend Sections 205.5, 218, 273.5, 275, 276, 401, 437, 619.2, 722, 1606, 1637, 2611.5, 2905, 4836.5, 11251, 11401, 20542, and 20543 of, and to add

ASSEMBLY BILLS (Contd.)No. 2705 - (Contd.)

Sections 37, 38, 111, 155.01, 155.02, 201.1, 401.1, 2260.5, and 2260.6 to, the Revenue and Taxation Code, and to add Sections 22 and 23 to the Welfare and Institutions Code, relating to property taxation and making an appropriation therefor.

Under existing law all property subject to general property taxation is annually assessed at 25% of its full cash value.

This bill would require such assessments be at full cash value and would require local agencies to adjust their property tax rates so that they will receive no additional revenue by reason of the change in the method of assessment.

The bill would make related and conforming changes and would appropriate an unspecified amount to the State Controller to reimburse local agencies for costs incurred by them by reason of the bill.

No. 2719 - Introduced March 6, 1978

An act to amend Section 408.1 of the Revenue and Taxation Code, relating to taxation.

Under existing property tax law, the county assessor is required to maintain a list of property transfers in the county, other than transfers of undivided interests, which have occurred within the prior 2-year period, with specified information regarding such transfers. Such list is required to be open to inspection by any assessee who has filed a timely application for reduction of his assessment before the local board of equalization or assessment appeals board upon payment of a specified fee, which is presently \$10.

This bill would allow any person to inspect the list of property transfers, upon payment of the fee.

ASSEMBLY CONSTITUTIONAL AMENDMENTNo. 76 - Introduced March 6, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by adding subdivision (s) to Section 3 of Article XIII, relating to taxation.

Existing constitutional law provides that all property is subject to property taxation, unless an exemption is otherwise provided in the Constitution. Moreover, with minor exceptions, all property is required to be assessed for property taxation purposes at a uniform percentage of its fair market value. The Legislature has established this ratio at 25%.

The \$1,000 exemption from property taxation, provided for in the Constitution, for veterans, unmarried spouses of deceased veterans, and parents of deceased veterans, and the dollar limitations thereon, have been interpreted by the California courts to be based on the assessed value of taxable property and the full value of other property.

This measure would require the Legislature to revise these figures to maintain the same proportionate values for the veterans' exemptions and limitations thereon in any year in which the assessment ratio is changed.

March 24, 1978

SENATE BILLSNo. 1650 - Introduced March 6, 1978

An act relating to filing maps and plats, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

(1) Under existing law, local governmental agencies which are created or have had boundary changes must file a map or plat of the new boundaries with the State Board of Equalization by January 1st in order to impose assessments or property taxes for the ensuing fiscal year.

This bill would permit a community service district to impose taxes or assessments for the 1978-1979 fiscal year if such map or plat is filed with the State Board of Equalization on or before January 20, 1978.

(2) Under existing law, state funds are continuously appropriated to compensate local governmental entities for property tax revenue lost by reason of the homeowners' property tax exemption and the partial exemption for business inventories.

This bill, by enabling community service districts to impose property taxes a year early, would have the effect of increasing these existing continuous appropriations for such year.

(3) This bill would appropriate an unspecified sum of money from the State General Fund to the Controller to pay costs mandated by the bill for the 1978-1979 fiscal year only. It would disclaim liability for subsequent fiscal years under Section 2231 of the Revenue and Taxation Code for a specified reason.

(4) The bill would take effect immediately as an urgency statute.

No. 1652 - Introduced March 6, 1978

An act to amend Sections 405.5 and 405.6 of the Revenue and Taxation Code, relating to property taxation, and making an appropriation therefor.

Under existing law the assessor is required to periodically appraise all property and to file with the State Board of Equalization on or before March 1, 1978, a plan for the orderly and sequential appraisal or reappraisal of all property within such assessor's county, to be completed within a cycle of no more than 5 years.

This bill would require the assessor to annually appraise all property and, on or before March 1, 1979, to file with the State Board of Equalization a plan for such annual appraisal or reappraisal.

This bill would appropriate an unspecified amount to the State Controller for allocation and disbursement to local agencies for the costs incurred by them pursuant to the act.

No. 1654 - Introduced March 6, 1978

An act to add Section 17041.7 to, and to add Chapter 2.6 (commencing with Section 23450) to Part II of Division 2 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

Under existing Personal Income Tax Law and Bank and Corporation Tax Law, non-owner-occupied residential dwellings are treated as capital assets and taxed accordingly.

This bill would, in addition, impose a speculation tax on the gain on the sale or exchange of a non-owner-occupied residential dwelling at a 50% rate for a residential dwelling sold less than 1 year after purchase and at

March 24, 1978

SENATE BILLS (Contd.)No. 1654 - (Contd.)

a 30% rate for a residential dwelling sold more than 1 but less than 3 years after purchase.

This bill would take effect immediately as a tax levy and would apply to residential dwellings acquired after September 1, 1978.

SENATE CONSTITUTIONAL AMENDMENTNo. 59 - Introduced March 6, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by amending Section 8.5 of Article XIII thereof, relating to property tax postponement.

The existing Constitution authorizes the Legislature, subject to specified conditions, to provide for the manner in which a person of low or moderate income who is 62 years of age or older may postpone ad valorem property taxes on the dwelling owned and occupied by such person as such person's principal place of residence.

This measure would additionally authorize the Legislature, subject to the same conditions, to provide for the manner in which any person of any age may postpone payment of ad valorem property tax increases on the dwelling owned and occupied by such person as such person's principal place of residence which are excessive.

No. 60 - Introduced March 6, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by adding subdivision (s) to Section 3 of Article XIII, relating to taxation.

Existing constitutional law provides that all property is subject to property taxation, unless an exemption is otherwise provided in the Constitution. Moreover, with minor exceptions, all property is required to be assessed for property taxation purposes at a uniform percentage of its fair market value. The Legislature has established this ratio at 25%.

The \$1,000 exemption from property taxation, provided for in the Constitution, for veterans, unmarried spouses of deceased veterans, and parents of deceased veterans, and the dollar limitations thereon, have been interpreted by the California courts to be based on the assessed value of taxable property and the full value of other property.

This measure would require the Legislature to revise these figures to maintain the same proportionate values for the veterans' exemptions and limitations thereon in any year in which the assessment ratio is changed.

Sincerely,

*Jack F. Eisenlauer*

Jack F. Eisenlauer, Chief  
Assessment Standards Division

JFE:ebv